

**FILED ELECTRONICALLY**

April 30, 2002

Ms. Marlene Dortch  
Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street, SW  
Washington, DC 20554

**RE: Written Ex Parte Presentation: PP Docket No. 00-67: Compatibility Between Cable Systems and Consumer Electronics Equipment**

Dear Secretary Dortch:

The Consumer Electronics Association (“CEA”) hereby respectfully submits its semi-annual report on industry progress in implementing the agreements of February 22, 2000 made between CEA and the National Cable Television Association (“NCTA”) regarding compatibility between cable systems and consumer electronics (“CE”) equipment.<sup>1</sup>

**Executive Summary**

- Digital cable compatibility is absolutely essential for consumer acceptance of digital television (“DTV”) products and is thus an essential element a successful DTV transition. The overwhelming market advantage of cable in the multichannel video distribution marketplace makes cable compatibility the single most important remaining impediment to the transition to digital television.
- Digital cable compatibility can be achieved rapidly with available and approved voluntary consensus standards that cable operators have agreed to support but have not fully implemented. NCTA’s members made a commitment to support Society of Cable and Television Engineers (“SCTE”) standards so that DTV sets “can provide the services we make available to our customers using the set-tops we lease to them.”<sup>2</sup> CEA

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<sup>1</sup> See *In the Matter of Compatibility Between Cable Systems and Consumer Electronics Equipment*, Report and Order, PP Docket No. 00-67, 15 FCC Rcd 17568, 17580-82 (2000); see also *Erratum* in PP Docket 00-67 (OET rel. Oct. 25, 2000)(setting forth reporting requirements).

<sup>2</sup> The specific standards are: SCTE 28 2001 (formerly DVS/295) Host-POD Interface; SCTE 40 2001 (formerly DVS/313) Digital Cable Network Interface Standard; and SCTE 41 2001 (formerly DVS/301) POD Copy Protection. The NCTA letter dated February 28, 2002 states: “Consistent with our commitment to the February 2000 agreements, the OpenCable process, and these OpenCable specifications in particular, our companies will support CableLabs-certified, integrated DTV sets built to CableLabs specifications (now embodied in the above

commends NCTA members for this action, and requests the Commission to clarify the extent and details of this commitment so that all cable systems quickly and consistently implement technical standards for connecting plug-and-play receivers.

- Digital cable compatibility cannot be required by receiver standards alone. It requires all cable systems to be compatible with digital receivers. To achieve this goal, the Commission should require cable operators to supply three essential elements for deploying nationally portable digital receivers that will be accepted by consumers:

(1) Cable operators must consistently implement and fully support voluntary consensus standards<sup>3</sup> (not proprietary specifications) to make cable systems and associated services compatible with plug-and-play digital receivers.

(2) Cable operators must provide the tools that enable plug-and-play digital receivers to easily navigate channels and allow access to all services commonly available to and expected by consumers, including access to data for Electronic Program Guides (“EPGs”) and support for simple Impulse Pay-Per-View (“IPPV”). Standards for these services have been approved by SCTE and tested by cable technology developers.<sup>4</sup>

(3) Cable operators must offer a fair and reasonable POD-Host Interface License Agreement (“PHILA”) with respect to home recording rights, certification, and technical flexibility. The Commission should request public comment<sup>5</sup> to ensure that the PHILA, and the technical specifications it references, do not violate Section 76.1204(c) of the Commission’s Navigation Device rules nor impede consumers’ “right to connect” competitively developed products.<sup>6</sup>

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SCTE standards) so that those DTV sets can provide the services we make available to our customers using the set-tops we lease to them.”

<sup>3</sup> OMB Circular A-199 defines a “voluntary consensus standards” as “standards developed or adopted by voluntary consensus standards bodies, both domestic and international. These standards include provisions requiring that owners of relevant intellectual property have agreed to make that intellectual property available on a non-discriminatory, royalty-free or reasonable royalty basis to all interested parties.” See Office of Management and Budget, *Federal Participation in the Development and Use of Voluntary Standards*, OMB Circular A-119 (Feb. 10, 1998) available at <http://www.whitehouse.gov/omb/circulars/a119/a119.html#3>.

<sup>4</sup> See Ex Parte Letter from Christine G. Crafton, Vice President & Director, Broadband Policy, Motorola, to Magalie Roman Salas, Commission Secretary, PP Docket No. 00-67, CS Docket No. 97-80 (filed Dec. 7, 2001)(“*Motorola Ex Parte*”).

<sup>5</sup> CEA and its members have asked the Commission to put the PHILA out for public comment. See, e.g., Thomson Multimedia *ex parte* presentation in PP Docket No. 00-67 (filed Jan. 28, 2002); *Ex parte* Letter from Michael Petricone, Vice President, Technology Policy, CEA, to Magalie Roman Salas, Commission Secretary, PP Docket No. 00-67 (filed Nov. 6, 2001)(“*CEA Ex Parte*”). Representative Rick Boucher (D-VA) requested the same. See letter from Representative Rick Boucher to Commission Chairman Michael K. Powell (filed Mar. 22, 2002).

<sup>6</sup> Section 76.1204(c) provides: “No multichannel video programming distributor shall by contract, agreement, patent, intellectual property right or otherwise preclude the addition of features or functions to the equipment made

- Digital cable compatibility does not require manufacturers to make all products compliant with the OpenCable Application Platform (“OCAP”). This new, interactive CableLabs specification is a potentially valuable future enhancement, but is not necessary or sufficient to achieving cable compatibility. Indeed, the Commission should not permit cable operators to require compliance with any proprietary specification, but, as Congress directed, cable compatibility should be defined only by reference to open voluntary consensus standards.<sup>7</sup>

Since cable compatibility is essential to the DTV transition and can be achieved rapidly using currently approved voluntary consensus standards, the Commission should act expeditiously to ensure cable operators rapidly implement and universally support these required standards in cable systems. CEA believes that the majority of the necessary technical standardization work has been completed, and what remains are difficult, but not necessarily time-consuming, implementation issues. CEA believes these issues can be quickly resolved through a cooperative process, but only with active Commission oversight and “jaw-boning” to bring all parties to the table. Through such a process, the Commission should quickly determine whether a market failure exists and thus if compatibility agreements require further Commission regulatory action.

### **The DTV Transition is Moving Forward**

CEA is pleased to report that substantial progress in the transition to digital television has been made by the CE industry since its last report in this docket.<sup>8</sup> DTV product sales totaled 148,369 units in March of this year, which represented an 86% increase over the same time period in 2001 and totaled dollar sales of more than \$257 million. DTV product sales thus far in 2002 represent the strongest first quarter start in DTV history, totaling 431,424 units—an 84% increase over the first quarter of 2001. Dollar sales for the year have totaled over \$750,000. In both number and adjusted dollar volume, these figures compare very favorably with the sales of other popular consumer electronics products immediately after introduction. These sales have been driven by an increase in high-quality compelling HDTV programming, such as the CBS’ broadcast of the Masters Golf Tournament and the NCAA Basketball tournament, NBC’s broadcast of the Winter Olympics, and increased HDTV programming offered by direct to home satellite and some cable providers.

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available pursuant to this section that are not designed, intended or function to defeat the conditional access controls of such devices or to provide unauthorized access to service.” 47 C.F.R. 76.1204(c) (2001).

<sup>7</sup> See 47 U.S.C. § 549(a) (“The Commission shall, in consultation with appropriate industry standard-setting organizations, adopt regulations to assure the commercial availability, to consumers of multichannel video programming and other services offered over multichannel video programming systems, of converter boxes, interactive communications equipment, and other equipment used by consumers to access multichannel video programming and other services offered over multichannel video programming systems, from manufacturers, retailers, and other vendors not affiliated with any multichannel video programming distributor . . .”).

<sup>8</sup> See *CEA Ex Parte*.

Meanwhile, DTV prices continue to decline by approximately 25% per year, making it easier for consumers to take advantage of the slow but steady increase in HDTV programming with a wide variety of product choices. At the same time, CE/cable compatibility issues have increasingly emerged as the primary obstacle to the DTV transition. A positive development is that CEA and the SCTE have produced compatibility-enabling standards, and CableLabs has produced a number of related industry specifications as well. If supported by the cable industry, sufficient standards now exist to enable the manufacture of navigation devices that could be sold at retail.

What is missing, however, is any assurance that a Digital Cable Compatible DTV Product (e.g. a DTV or set-top box) bought to work with a cable system in one location will work with a cable system in another. This is due to the lack of commitment by cable operators to any particular implementation schedule or to a specific set of standards and services to which they will adhere on a national basis. To break this impasse, cable operators should be required to support—by a date certain—the core set of standards necessary for compatibility and to follow—by a date certain—the same core set of standards for the set-top box equipment they supply as are applied to competitively available CE equipment. With this impetus, any remaining minor technical issues will be resolved quickly.

From the continued problems with the PHILA, to the issues surrounding OCAP implementation, to the lack of a timetable for the implementation of a national cable standard, regulatory intervention is needed to facilitate the DTV transition with regard to cable equipment. Without the backing of a government mandate, there is little or no incentive for cable operators to adhere to the standards required to support portable consumer-owned navigation devices.

### **The Critical Importance of CE/Cable Compatibility to the DTV Transition**

The essential role of CE/cable compatibility to the DTV transition is undeniable. Approximately 70% of American homes receive their primary video signal via cable. Many Americans will hesitate to invest in DTV until they can receive DTV programming the same way they receive their other video programming—over cable.

In addition, approximately 50% of today's cable viewers enjoy the convenience of plugging their cable directly into their TV set without a set-top box. In the digital world, cable consumers should not be forced to have a set-top box in order to receive DTV. Today, consumers who want to receive DTV programming from their cable service must lease a box from cable operators because *they have no other choice* – *all* receivers currently receiving digital signals get those signals through proprietary set-top boxes.

Because of the uncertain future of implementation of nationwide standards for cable compatibility, the goal of Section 304 of the Telecommunications Act of 1996, *i.e.*, the establishment of a commercial market for set-top boxes and other “navigation devices,” remains elusive.<sup>9</sup> CEA submits that success in these three endeavors – CE/cable compatibility, the commercial market for navigation devices, and the transition to digital television—is interdependent and inextricable.

Chairman Powell’s recent *Proposal for Voluntary Industry Action to Speed the Digital Television Transition* does much to advance the DTV transition.<sup>10</sup> CEA fully supports the provisions aimed at spurring the broadcast and cable industries to make available more high-definition and other “value-added DTV programming.” CEA also agrees with Chairman Powell that plug-and-play cable compatibility is an important aspect of the DTV transition and an incentive for manufacturers to create and consumers to purchase high-definition equipment.

CE/cable compatibility will also make an important contribution to the Chairman’s goal of increasing the penetration of DTV broadcast tuners. Once CE/cable compatibility issues are resolved, many manufacturers may choose to integrate both over-the-air broadcasting and cable DTV tuners in receivers. The availability of DTV products that include both cable and over-the-air tuners in cable-compatible equipment will increase consumer choice and ensure the most expeditious possible advance toward an 85% penetration rate for digital television.

#### **Status of Consumer Electronics/Cable DTV Standards Efforts**

Since our last report, CEA and its members have continued to exert significant effort completing the standards necessary to allow plug-and-play compatibility. For example, EIA/CEA-818-B, which updates and defines minimum requirements for receivers connected directly to uni-directional cable services and receiver-compatible digital cable systems, has been finalized. EIA/CEA-819 defines the minimum requirements for bi-directional cable receivers. Also, EIA/CEA-818-D, which contains revisions to the receiver requirements for the POD-Host Interface and other details to maintain compatibility with SCTE standards, was approved in February 2002. A major obstacle, however, is that cable operators are not supporting or using this standard. Also, EIA/CEA-818-C, which contains revisions to the POD Host Interface specifications, was approved in December 2001. Likewise, cable operators have not committed to using this consensus standard. The primary problem is that cable compatible DTV receivers that are built to these approved standards will not function when connected to cable systems unless those cable systems adhere to the approved SCTE standards and provide the necessary support for IPPV and EPGs in accordance with those standards.

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<sup>9</sup> 47 U.S.C. § 549.

<sup>10</sup> See Letters from FCC Chairman Michael K. Powell to Senator Ernest F. Hollings, Chair, Committee on Commerce, Science, and Transportation; and Representative W.J. (“Billy”) Tauzin, Chairman, Committee on Energy and Commerce regarding a *Proposal for Voluntary Industry Action to Speed the Digital Television Transition* (Apr. 4, 2002) available at [http://www.fcc.gov/commissioners/powell/hollings\\_dtv\\_letter-040402.pdf](http://www.fcc.gov/commissioners/powell/hollings_dtv_letter-040402.pdf), [http://www.fcc.gov/commissioners/powell/hollings\\_dtv\\_letter-040402.pdf](http://www.fcc.gov/commissioners/powell/hollings_dtv_letter-040402.pdf).

SCTE made significant progress on its DTV related standards in November 2001. For example, SCTE approved: (1) its Digital Cable Network Interface Standard (SCTE 40 2001), (2) its Host-POD Interface Standard (SCTE 28 2001), and (3) its POD Copy Protection Standard (SCTE 41 2001).<sup>11</sup> However, several shortfalls and problems require attention. First, the Host-POD Interface Standard (SCTE 28 2001—formerly DVS/295) is already in the process of being amended, undermining its finality. In addition, the Digital Video Service Multiplex and Transport System for Cable Television Standard, SCTE 54 2002 (formerly DVS/241), which allows data transmission for EPGs, recently failed on ballot for amendment. Although this indicates a difference of opinion between the CE, cable, and broadcasting participants, it is hoped that a compromise solution can be found quickly. An amendment to SCTE 40 is also under consideration, and CableLabs recently announced that it plans to propose an amendment to SCTE 28. CEA is hopeful that these problems will be minor and can be quickly resolved.

The completed SCTE standards, however, are sufficient to implement a minimal level of cable compatibility for retail competition. While CableLabs continues its work on OCAP (CableLabs' OCAP 1.0 was publicly released in January 2002, and work on OCAP 2.0 is currently under way), SCTE's completed cable standards were developed for compatibility with today's cable system technologies. It is not necessary to wait several years for implementation of the new OCAP technology by cable systems. Moreover, CEA's review of OCAP 1.0 indicates that the specification will not afford CE manufacturers flexibility in implementation and that OCAP is not yet ready to be relied on for the purpose of ensuring cable compatibility.

Most vexing for manufacturers is the fact that, despite the progress in finalizing a wide variety of cable compatibility standards, the cable industry has committed to no timetable for their actual implementation. After two years without an implementation plan, we increasingly doubt whether there will *ever* be a realistic implementation timetable unless the Commission or Congress intervenes and require one.

### **What Needs to be Done:**

The Commission's action is required in order to ensure that American cable viewers have access to a competitive retail market for cable products and the benefits of cable DTV content.

First, manufacturers need national standards and firm cable implementation timetables in order to make product development and marketing decisions. Cable operators should be required to comply, by a certain date, with applicable open standards (*e.g.*, standards established via open standards development organizations ("SDOs") such as SCTE and CEA) that may be used to build retail cable products that provide the same functionality as proprietary products.

Certain cable industry representatives have suggested that CE manufacturers are unreasonably failing to manufacture cable compatible DTV equipment given the existing

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<sup>11</sup> See *Ex Parte* Letter from William A. Check, Ph.D., Vice President, Science and Technology, NCTA to Magalie Roman Salas, Commission Secretary, PP Docket No. 00-67 (filed Dec. 26, 2001).

standards.<sup>12</sup> The fact is that, without a definite implementation plan, manufacturers *cannot* currently incorporate functionalities such as POD modules into mainstream equipment. Without a definite service plan, moreover, manufacturers face uncertainty about whether system functionalities (such as EPG and IPPV) will be fully enabled, will be subject to substantial non-backwards compatible changes, or will not be competitive with current legacy devices. Additionally, CEA believes that Section 76.1204(c) of the Commission's rules imposes an affirmative obligation on cable operators to support the development of fully functional navigation devices based on open standards, without mandating additional specifications (through the PHILA), and to cooperate fully in industry standards efforts.<sup>13</sup>

Second, manufacturers need resolution of a variety of issues related to the PHILA in order to make continued progress. These issues include: (1) the lack of protection of consumer home recording rights, (2) the indefinite and open-ended technical commitments required of manufacturers because of PHILA's cross-references to unfinished or future versions of specifications such as OCAP, and (3) the fact that the PHILA gives unilateral certification authority to CableLabs. Many of these difficulties with the PHILA are compounded because the CableLabs' specification and certification processes are not truly open to manufacturers, as cable operators who are members of CableLabs control policy and decision-making.

From the CE perspective, it is clear that the current PHILA goes far beyond that necessary to enable the Commission's intent, *i.e.*, separate security for conditional access. CEA believes that the PHILA should be limited to the following core requirements essential for technical compatibility, security, and copy/retransmission control in accordance with existing commercially accepted protection systems:

- (a) Host-POD Interface Standard (SCTE 28 2001-formerly DVS/295), and
- (b) POD Copy Protection System Standard (SCTE 41 2001-formerly DVS/301).

Also, any provisions as to copy control or retransmission should be subject to clear encoding rules that recognize reasonable and customary consumer practices as to recording, and consumer reliance on the full functionality and resolution of high definition display devices they have purchased.

CableLabs has suggested that CE manufacturers are opposed to any kind of copy protection.<sup>14</sup> This is patently untrue—CE manufacturers have been at the forefront of developing and delivering copy protection technologies for the benefit of broadcasters and content owners. CE manufacturers support adequate and reasonable copy protection standards—as opposed to the

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<sup>12</sup> See, e.g., *Motorola Ex Parte* at 2.

<sup>13</sup> See n. 6, *supra*.

<sup>14</sup> See *Ex Parte* Letter from Paul Glist, Counsel to CableLabs, to William F. Caton, Acting Commission Secretary, PP Docket No. 00-67 (filed Apr. 8, 2002).

unduly burdensome (to both manufacturers and consumers) standards that are embodied in PHILA. Further, Motorola has suggested that the blame for PHILA's onerous copy protection requirements is on content providers.<sup>15</sup> Such finger-pointing avoids the facts that: (1) specific copy protection requirements as contained in PHILA's compliance rules are extraneous and unnecessary for resolution of compatibility issues, and (2) that the originator of PHILA, CableLabs, is controlled by and is the agent of the cable operators.

Further, CEA believes that manufacturers should have the option to self-certify compatible products (facilitated as necessary by an independent third party) through a procedure similar to the Commission's Part 68 rules for telephones, fax machines, and modems. In addition, CableLabs should provide indemnification against third party intellectual property infringement claims against the DFAST algorithm and specify that any future change to the POD Host security technology will not cause existing products to stop functioning fully.

Third, the Commission should ensure that consumers are not forced to wait for digital cable compatible products until the completion of OCAP. While OCAP holds considerable promise to provide increased interactivity and advanced services to a standard platform, the cable industry's requirement of compliance with OCAP through the PHILA merely adds to the ongoing "disconnect" between the cable and CE industries.<sup>16</sup> This disconnect, which will be exacerbated by CableLabs' OCAP proposal, is the primary reason the transition to digital television is stalled. In general, the deployment of OCAP in its present form will further delay deployment of cable-ready products and confuse the digital transition by introducing the following elements of uncertainty and confusion into the design process:

(1) **DEPLOYMENT DELAYS:** The introduction of OCAP introduces tremendous uncertainty in the schedule for deploying competitive navigation devices in time for the 2005 deadline to sunset devices with integrated security. CEA believes that deployment of OCAP will further delay the deployment of competitive cable-ready products. However, if completed national standards are fully supported by cable system operators, OpenCable compliant products can be rapidly deployed.

(2) **DESIGN BARRIERS:** CEA members are very concerned about the cable industry's position that their support for even the simplest IPPV functionality in DTVs and other retail set-top boxes, as well as any further discussion of access to a cable system's "program guide" information, must await OCAP deployment. In fact, both IPPV and EPG access can be accomplished right now, using existing standards. Another concern is that an integral part of the OCAP specification—the so-called the "Monitor Application"—would provide cable system

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<sup>15</sup> See *Motorola Ex Parte* at 4.

<sup>16</sup> Section 2.3 of the PHILA states: "After the release of the OpenCable Application Platform ("OCAP"), which will enable the download of OCAP-compliant software to a Host Device, Licensed Products shall be designed and manufactured as specified by OCAP, to be able to constrain, when required by the application, the resolution of Controlled Content that is High Definition to be output through a connection capable of transmitting content in High Definition Analog Form, to a Constrained Image." Section 3.4.1 also states: "After the release of the OCAP, Licensed Products shall be designed and manufactured to be able, when required by the application, to obliterate the stored content after a stated period of time."



operators with the ability to take control of all interactivity and functions in a consumer's digital TV. CEA asserts that in providing such "tools" to cable system operators, CableLabs has disregarded the public trust delegated to it by the Commission by impeding consumers' rights to connect competitively procured navigation devices that work as well as cable-supplied equipment. CEA believes this violates section 76.1204(c) of the Commission's Navigation Device rule, which prohibits multi-channel system operators from using their intellectual property rights to limit the design freedom of retail manufacturers who are forced to enter into licenses for the PHI technology.

(3) **LICENSING BARRIERS:** The overreaching inclusion of the requirement to comply with the OCAP specification extends PHILA far beyond what is necessary for conditional access and reasonable copy protection. CEA believes that requiring compliance with OCAP is unnecessary for building simple cable-ready products. Moreover, the PHILA requires compliance with other OpenCable specifications that extend beyond what is necessary to secure the POD Host Interface or to enforce reasonable copy protection of cable-delivered content. These provisions also appear to be in violation of the Commission's Order on navigation devices.

If the industry is forced to wait for OCAP implementation, middleware-enabled functionalities will not be available until well beyond the Commission's 2005 deadline for the existence of an open commercial market for navigation devices.<sup>17</sup> These two timeframes cannot coexist, and the resulting disconnect may further delay the DTV transition. As it stands, delay pending implementation and standardization of OCAP 1.0 is likely to result in equipment deployment delays, design barriers, and licensing barriers. Although cable operators are delaying support for competitive EPGs and IPPV pending OCAP implementation, OCAP is not necessary for providing functions already supported in national standards the cable industry has already approved but has only partially implemented. Therefore, CEA believes that it is inappropriate for OCAP to be required by reference in the PHILA. Rather, CEA encourages CableLabs to engage CE members in an open industry process (not under a non-disclosure agreement) to develop an interactive standard useful to consumers. The PHILA should be limited to only core, specific cable functions that are part of a national standard. The Commission should take action, therefore, to ensure that the DTV transition is not impeded by unnecessary and unreasonable delay due to the OCAP standard's implementation.

Also, CEA is concerned that cable operators may use OCAP to favor proprietary set-top boxes by way of OCAP's "Monitor Application" and selective output controls. The Monitor Application provides cable system operators with the ability to take control of all interactivity and functions in a consumer's digital TV. This ability to potentially override consumer control or disable features such as competitive EPGs or personal recording is troubling and is contrary to Section 76.1204(c) of the Commission's rules.<sup>18</sup> It is unacceptable to CE manufacturers to cede to cable system operators and content owners unfettered control over the display and recording

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<sup>17</sup> *Implementation of Section 304 of the Telecommunications Act of 1996; Commercial Availability of Navigation Devices*, Report and Order, CS Docket No. 97-80, 13 FCC Rcd 14775, 14776-77 (1998).

<sup>18</sup> See note 6, *supra*.

functions of competitive CE products. These concerns about the current, initial release of the OCAP specification do not imply that CEA opposes the optional use of OCAP—OCAP may prove eventually to be a useful addition to the cable infrastructure and even be an enabler or cable compatibility in some circumstances. However, OCAP must be subject to an open consensus standardization process so these concerns may be resolved. CableLabs should not be permitted to mandate the inclusion of OCAP in certified products in order to obtain a CableLabs license.

Given the public policy issues implicated by OCAP, the Commission should provide the opportunity for public comment and ensure that the DTV transition is not impeded by unnecessary and unreasonable delay due to the OCAP's implementation.

Fourth, the Commission should ensure that independent EPGs and IPPV are accommodated by cable systems using existing standards. CableLabs has indicated that OCAP is required for EPGs and IPPV but this is technically untrue.<sup>19</sup> IPPV can and should be made available as part of today's functionalities. CEA believes that cable operators should provide basic program and channel navigation data and implement simple IPPV according to the existing technical standards and on a set timetable. Specifically, cable operators should provide to today's receivers, at a minimum, basic navigation data consisting of channel names/numbers and program names formatted according to existing SCTE and ATSC standards. Regarding navigation, it is axiomatic that program guides are an essential competitive feature of navigation devices. To survive, much less thrive, in a commercial marketplace, differing navigation methods must be provided.

Despite significant obstacles and the absence of a coordinated inter-industry approach, there has been substantial progress in cable compatibility standardization efforts. The Commission's reliance on the private licensing arrangements led by CableLabs, however, has not fostered market conditions for CE manufacturers to produce competitive products.

While the majority of the necessary technical standardization work has been completed, implementation and licensing issues remain outstanding. "Plug-and-play" compatibility can be realized in the near term if the Commission takes the necessary steps. There is a clear basis for regulatory intervention at this time to ensure the rapid implementation of an open and fully featured national cable standard, and the resolution of remaining implementation issues.

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<sup>19</sup> CEA acknowledges that IPPV functionalities are not covered under the February 2000 agreements between CEA and NCTA. However, the technical ability to implement IPPV exists at this time, and CEA wishes to emphasize the importance of IPPV in a competitive DTV marketplace. See *Motorola Ex Parte* at 2 (stating that the Host-POD Interface Standard (SCTE 28 2001-formerly DVS/295) currently allows IPPV to be performed with any compliant host device consistent with the OpenCable specifications).

Ms. Marlene Dortch

April 30, 2001

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CEA appreciates the Commission's deep commitment to the DTV transition as exemplified by the creation of the DTV Task Force and Chairman Powell's April 4<sup>th</sup> proposal. We encourage an aggressive approach on cable compatibility as the surest and most effective way the Commission can promote the DTV transition, and encourage the rapid adoption of DTV in American homes.

Respectfully submitted,

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